

BRITISH EMPIRE TRUST

INVESTING IN UNDERVALUED ASSETS

05 March 2019

Kanaden Corporation (“Kanaden”) has bought back 4% of its outstanding shares using its excess cash balances.

Portfolios managed by AVI, including British Empire Trust (“British Empire”), own over 5% of the outstanding shares of Kanaden. We have urged the Board, through letters and in meetings, to use excess cash to conduct regular share buybacks.

We are especially pleased that the buyback is targeted at unwinding the cross shareholding arrangements with Mizuho Bank and Mitsubishi UFJ Trust & Banking, both selling their holdings into the buyback. This is a core objective of the Corporate Governance Code, with a revision in June 2018 explicitly stating that companies should have a policy for reducing cross-shareholdings.

Utilising excess cash to buy back shares is an extremely efficient way of creating value for shareholders and it is encouraging that Kanaden management continues to act in the interests of shareholders. The announcement highlights how attitudes towards shareholders are changing and that the system of cross-shareholding relationships is beginning to unwind.